SUPREME COURT OF MICHIGAN

Farm Bureau General Insurance Company of Michigan v. Latting

720 N.W.2d 741 (Mich. 2006) · No. 130463 · Decided September 14, 2006

SUMMARY

The Michigan Supreme Court reversed the Court of Appeals and remanded the case for further proceedings consistent with the trial court’s ruling. It held that the Secura insurance policy provided coverage because the parties were engaged in farming, and that the policy’s business-pursuits and motor-vehicle exclusions did not apply.

CASE DETAILS

COURT	Supreme Court of Michigan
JURISDICTION	Michigan
DECIDED	September 14, 2006
DOCKET	130463
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Michigan Supreme Court considered Latting's application for leave to appeal the Michigan Court of Appeals' judgment and, in lieu of granting leave, reversed and remanded.
STANDARD OF REVIEW	The Supreme Court reviewed the policy-coverage issue presented on application for leave to appeal and resolved it by interpreting the insurance policy according to its plain and ordinary meaning.
PRECEDENTIAL VALUE	Published Michigan Supreme Court opinion; precedential
PARTIES	Richard L. Latting, Jr. v. David Clay, Secura Insurance Companies

TOPICS

insurance coverage · contract interpretation · casualty insurance litigation · appellate procedure

PRACTICE AREAS

insurance law · appellate practice

QUESTIONS PRESENTED

1. Whether the Secura policy afforded coverage because the activity causing Latting's injury constituted farming under the policy.
2. Whether the policy's business-pursuits exclusion barred coverage.
3. Whether the policy's motor-vehicle exclusion barred coverage for the tractor-related accident.

HOLDINGS

1. The Secura policy afforded coverage because Latting and Clay were engaged in farming when the accident occurred.
2. Neither exclusion barred coverage. The business-pursuits exclusion did not apply because the relevant activity was farming, which the policy excluded from the definition of business, and the motor-vehicle exclusion expressly did not apply to farm tractors.

KEY QUOTATIONS

> *"The Secura policy affords coverage because plaintiff Latting and defendant Clay were engaged in "farming" when the accident in which plaintiff was injured occurred."* (720 N.W.2d at 741)

FACTUAL BACKGROUND

Latting was injured while he and David Clay prepared to attach a wagon to a tractor to gather baled hay from leased fields. The hay was intended to feed horses kept on premises insured under a Secura policy, including horses owned by Clay and the Pennells and horses belonging to fee-paying boarders. The policy identified HBE Equestrian Center as a joint owner and operator and identified David and Shelly Pennell as insureds and operators.

PROCEDURAL HISTORY

The Court of Appeals entered a judgment on December 22, 2005. The Michigan Supreme Court reversed that judgment and remanded the case to the Genesee Circuit Court for further proceedings consistent with the trial court's May 10, 2004 ruling.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

Remanded to the Genesee Circuit Court for further proceedings consistent with the trial court's ruling of May 10, 2004.

CASES CITED

- Bianchi v. Automobile Club of Michigan, 437 Mich. 65, 71, 467 N.W.2d 17 n. 1 (1991)

OPINION

PER CURIAM.

720 N.W.2d 741 (2006) FARM BUREAU GENERAL INSURANCE COMPANY OF MICHIGAN, Plaintiff/Counter Defendant, v. Richard L. LATTING, Jr., Defendant/Counter Plaintiff/Cross Plaintiff/Third-Party Plaintiff-Appellant, and David Clay, Defendant/Cross-Defendant-Appellee, and Secura Insurance Companies, Third-Party Defendant-Appellee, and David Pennell and Shelly Pennell, d/b/a Hickory View Boarding Stable, d/b/a HBE Equestrian Center, Inc. and Reliance National Indemnity, Third-Party Defendants.

Docket No. 130463. COA No. 255964. Supreme Court of Michigan. September 14, 2006. On order of the Court, the application for leave to appeal the December 22, 2005 judgment of the Court of Appeals is considered and, pursuant to MCR 7.302(G)(1), in lieu of granting leave to appeal, we REVERSE the judgment of the Court of Appeals and REMAND this case to the Genesee Circuit Court for further proceedings consistent with the trial court's ruling of May 10, 2004.

The Secura policy affords coverage because plaintiff Latting and defendant Clay were engaged in "farming" when the accident in which plaintiff was injured occurred. Third-party defendant HBE Equestrian Center is listed in the Secura policy's declarations as a joint owner and operator, along with third-party defendants David and Shelly Pennell, who are listed as insureds and who, as insureds, are listed as operator in the policy.

When preparing to attach a wagon to a tractor for the purpose of gathering baled hay from nearby fields leased to third-party defendant Pennells, plaintiff Latting and defendant Clay were engaged in use of the insured premises for the production of crops and the raising or care of "livestock" within the meaning of the Secura policy's definition of "farming."

The policy's definition of "insured premises" includes the part of other premises acquired during the policy period that the insured intends to use as a farm. Under the policy, "business" does not mean "farming." Moreover, the hay was to be gathered for use as feed for horses stabled on the insured premises, which included both the Pennells' own horses and those of defendant Clay (for which Clay paid the Pennells no boarding fees), as well as those belonging to fee-paying boarders.

Thus, even if boarding horses is a "business" under the policy's definition, that is, "any full or part-time trade, profession, occupation or service done for monetary or other compensation [not including] farming," it is clear that, as to the horses belonging to defendant Clay and third-party defendants Pennell, plaintiff Latting and defendant Clay were engaged in "farming" when the accident that injured plaintiff occurred.

Therefore, the policy's exclusion of coverage for bodily injury arising out of business pursuits of an insured does not apply, nor does the policy's motor vehicle exclusion apply, because it is expressly inapplicable to farm tractors under the plain and ordinary meaning of the policy. Bianchi v. Automobile Club of Michigan, 437 Mich. 65, 71, 467 N.W.2d 17 n. 1 (1991).